

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – AUGUST 3, 2005

PRESENT: Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Eddie Edwards, Chief of Enforcement; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Doreen Wittenberg, Business Supervisor. **Guests:** Al Picconi, United Beverages, Inc.; Michael Goclowski, Law Warehouses.

EXCUSED: Chairman Anthony Maiola; Craig Bulkley, Bureau Chief of Administrative Services; Steven Slovenski, Legal Counsel.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Sales for the week ending July 31, 2005 increased for the week by 4.61% or \$408,558, and also increased for the year by about 5% or \$1,903,943.

B. Budget/Administrative Reports:

A review of the current W-6 Expense Budget Activity Variance Report shows that line items seem to be holding their own during this early stage of the year. Benefits and utilities are being observed closely.

There are no Commission items on the Governor and Council agenda for this morning.

Liquor sales for this month fell short of estimates by about \$300,000, but beer estimates were met.

2. IT Report

Work continues on the Disaster Recovery project. Problems occurred with the data warehouse and a few reports on the web which mostly affected brokers' depletion reports. These should be corrected by noon today.

A sample spreadsheet should be ready for the special offers project by this afternoon or tomorrow morning. Changes have been made and should be incorporated with other changes regarding product categories in about a week or so. This can then be tested with one broker or vendor, if desired.

In regards to electronically submitted product specs, some vendor changes were made internally on product submitted for the quarterly price change effective August 1st. Further changes were made by the vendor a week or two ago, which resulted in an internal overlay of what had already been done. There was some discussion as to how often this may occur and what can be done to avoid it. Commissioner Byrne said that brokers and vendors should be advised of the responsibility to make their own changes, and that they should not expect them to be made internally by Commission staff. The system should be made available for them to manage it.

3. Human Resources Report

Evie reported that there are still one warehouse, one law enforcement and three store personnel evaluations which are overdue.

II. MARKETING & SALES REPORTS

1. Store Operations

John Bunnell distributed copies of the results of wine promotions compiled by James Barbuti for May 31 through June 26, 2005 and from June 27 through July 31, 2005.

Total store sales for the week ending 7/31/05 increased by 6.11% or \$437,207.40. Business in the new Keene location has not subsided, but is not taking any sales away from the adjacent stores. Peter remarked that the numbers in this area have been amazing.

A capital projects meeting was held at Public Works regarding the bathrooms at Stores #73 and #76 in Hampton and the air conditioning at Store #38 in Portsmouth. Bids should be able to go out within a month and, hopefully, construction will be completed before next spring. A meeting also took place last week with Public Works and the Department of Transportation concerning potential changes at the intersection of the Portsmouth traffic circle. Work would probably not be completed until some time between 2010 and 2015.

The maintenance crew will be working at the Store #10 Manchester site the week of August 15th to set up shelving at the new location. Some difficulties have occurred during the construction of the new shopping center. Howard said he hadn't heard anything yet about Verizon installing wiring there.

Store Operations did participate in the promotion in (?) which included four artisans from New Stores and representatives from the lottery. 200 new e-mail addresses were gleaned from that event.

A substantial leak was discovered in the water supply at Store #73 in Hampton, which necessitated the shutting down of fresh water into the restrooms. The Commission has funds of up to \$40,000 to alleviate this problem. Dig Safe will begin excavating today, and more should be known about the situation after digging has begun.

2. Purchasing Report: No report.

3. Merchandising Report

A. SPIRITS:

1) One Time Buy Request (Dekuyper 50ML Sampler Pack):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Future Brand LLC, for the Commission to make a one-time purchase of the Dekuyper 50ML Sampler Pack (4-pack), assigned new Code #5710, as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

2) Product Demo Request (Jim Beam/NASCAR):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Future Brands LLC, to conduct product demonstrations in conjunction with Jim Beam and the September NASCAR race at Stores #76 Hampton, #38 Portsmouth, #34 Salem and #56 Gilford from September 15 through September 17, 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) October Special Offers:

a. 1 item – Flag Hill Winery:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Flag Hill Winery, based upon depletion for one (1) spirit item, to be featured on sale during October 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 4 items – Pine State Trading Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions for four (4) spirit items, to be featured on sale during October 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 14 items – M.S. Walker, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from M.S. Walker, Inc., based upon depletions for fourteen (14) spirit items, to be featured on sale during October 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- d. 31 items – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions for thirty-one (31) spirit items, to be featured on sale during October 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- e. 29 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions for twenty-nine (29) spirit items, to be featured on sale during October 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- f. 69 unmatched items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions, without matching state funds,

for sixty-nine (69) spirit items, to be featured on sale during October 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Special Offers for September 2005 (4 items – M.S. Walker, Inc.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from M.S. Walker, Inc., based upon depletions for four (4) wine items, to be featured on sale during September 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Close Outs:

a. 7 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve close out price reductions for seven (7) wine items submitted by Horizon Beverage Company, as recommended by Nicole Brassard, Wine Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 3 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve close out price reductions for three (3) wine items submitted by United Beverages, Inc., as recommended by Nicole Brassard, Wine Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Purchase & Distribution of Fernleaf:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./North Lake Wine Company for the purchase and distribution of Code #42397, Fernleaf Sauvignon Blanc, 750ML size, to be featured on sale during September and October 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Recommended Allocated Wines for Distribution to Selected Stores:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve seventeen (17) allocated wine items to be distributed to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Primary Source Submissions (8 primary source; 8 exclusive agent; 14 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of eight (8) wine codes which are from primary source, eight (8) wine codes which are offered by the exclusive marketing agent, and fourteen (14) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Tabled Items:

- a. Results of the Purchase & Display of Screw Kappa & Little Boomey (tabled 7/27/05, Item B-1): Item remained on the table.
- b. Purchase & Introduction of Big Yellow Cab (tabled 7/20/05, Item B-2):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission remove from the table and approve an offer from M.S. Walker, Inc./Mendocino Wine Company for the purchase and introduction of Code #42267, Big Yellow Cab Cabernet Sauvignon, 750ML size, to be featured on sale during September and October 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. Purchase & Introduction of Trumpeter (tabled 7/20/05, Item B-3):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission remove from the table and approve an offer from M.S. Walker, Inc./Billington Imports for the purchase and introduction of Code #25194, Trumpeter Chardonnay, 750ML size, to be featured on sale during September and October 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – No report.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated July 28 through August 8, 2005. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other:

a. Store Hours of Operation and Staffing Recommendation
Monday, September 5, 2005 – Labor Day:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve store hours of operation and staffing for Labor Day, Monday, September 5, 2005, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford

